



COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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GAIL FARBER, Director

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

February 08, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

24 February 8, 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

**FIND CONTRACTOR IN DEFAULT
BRIDGE SEISMIC RETROFIT
EAST FORK ROAD OVER NORTH FORK SAN GABRIEL RIVER
ANGELES NATIONAL FOREST
(SUPERVISORIAL DISTRICT 5)
(3 VOTES)**

SUBJECT

This action is to find the contractor, KLM Construction, Inc., in default of the contract and authorize the Director of Public Works or her designee to enter into an agreement with the project surety, First National Insurance Company of America, to release them from completing the construction.

IT IS RECOMMENDED THAT YOUR BOARD:

Find the contractor, KLM Construction, Inc., in default of the contract and authorize the Director of Public Works or her designee to enter into an agreement with the project surety, First National Insurance Company of America, to release them from completing the construction.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On December 1, 2009, your Board advertised and gave authority to the Director of Public Works or her designee to award and execute a contract with the apparent responsible contractor with the lowest responsive bid and approve the Faithful Performance and Labor and Materials Bonds and insurance submitted by the contractor. On January 7, 2010, the Department of Public Works (Public Works) awarded a contract to KLM Construction, Inc. (KLM), for the seismic strengthening of the East Fork Road over North Fork San Gabriel River bridge project. First National Insurance Company of America furnished the contractually required payment and performance bonds for 100 percent of

the contract amount.

The required start date for this project was June 21, 2010; however, KLM did not start and has not performed any work. Public Works sent letters and e-mails to the contractor reminding them of their contractual obligations to start work and began the steps to terminate the contractor on August 29, 2010, KLM notified Public Works that it was unable to perform the work and voluntarily defaulted.

The performance bond executed for this contract obligates the surety to complete the work of the project. However, this project involves work over a reservoir and river that cannot be started during the storm season. Rather than enter into a long-term project with a surety and its replacement contractor, it would be in the best interest of the County of Los Angeles (County) to release the surety, readvertise this project, and directly contract with a contractor that is selected on an open-competitive basis.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs the provision of Operational Effectiveness (Goal 1). The recommended action will provide for completion of the work at no additional cost to Public Works except for minimal administrative expenses.

FISCAL IMPACT/FINANCING

There will be no impact to the County General Fund.

There will be a minimal administrative cost for readvertising the project; however, the administrative costs associated with managing a three-party agreement with a surety and its contractor would be substantially higher.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The contract specifications provide for the termination of the contract without liability for damage by your Board if your Board finds that the contractor has defaulted.

ENVIRONMENTAL DOCUMENTATION

On December 1, 2009, Agenda Item 35, your Board found this project categorically exempt from the provisions of the California Environmental Quality Act.

CONTRACTING PROCESS

When this project is readvertised, it will be contracted on an open-competitive bid basis and awarded to the apparent responsible contractor with the lowest responsive bid meeting the criteria established by your Board and the State Public Contract Code.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended action will not have a significant impact on residents or motorists. When the project is completed, it will have a positive impact by providing more reliable bridge infrastructure for

the traveling public during and immediately following seismic events.

CONCLUSION

Please return one adopted copy of this letter to the Department of Public Works, Construction Division.

Respectfully submitted,

A handwritten signature in cursive script that reads "Gail Farber".

GAIL FARBER
Director

GF:JTS:ss

c: Chief Executive Office (Rita Robinson)
County Counsel
Executive Office
Office of Affirmative Action Compliance